



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 10/28/03
AGENDA ITEM 5
WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Resolution Supporting a Statewide Ballot Initiative to Require Voter Approval Prior to State Government Action to Take Local Tax Funds

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution in support of the League of California Cities ballot initiative protecting local revenues.

BACKGROUND:

This item appears on the agenda at the request of Councilmember Joe Hilson.

In the early 1990s, the state began to take local tax revenues to balance the state budget. This practice continues to this date. Moreover, even when state revenues were healthy, local tax revenues were not restored. Local governments across the state are now struggling to provide vital services to their residents.

In response to this fiscal situation, the League of California Cities voted on September 10 to sponsor a statewide ballot initiative to require voter approval of any state action to take away local tax funds in order to fund the state government. The League is asking cities to support this ballot initiative by resolution. Many cities have done so already, as has the Association of Bay Area Governments.

Assuming the initiative qualifies, it will appear in the November 2004 ballot. If approved by the voters at that time, it would require 2/3 legislative vote and the approval of a majority of voters before a proposed state law could take effect that would appropriate, reallocate, redistribute, reduce or suspend the payment of local tax revenues to cities, counties and special districts. The initiative would also specify that the state must reimburse local governments for newly mandated programs, for mandated higher levels of service, and when revenues, previously allocated to local government, are reallocated or redistributed to a state-created fund.


Jesús Armas, City Manager

Exhibit A: Draft Resolution

DRAFT

HAYWARD CITY COUNCIL



RESOLUTION NO. 03-

Introduced by Council Member _____

**RESOLUTION SUPPORTING A STATEWIDE BALLOT
INITIATIVE TO REQUIRE VOTER APPROVAL BEFORE
STATE GOVERNMENT MAY TAKE LOCAL TAX FUNDS**

WHEREAS, state government annually takes \$824 million statewide of city property tax funds (ERAF) statewide, costing cities over \$6.9 billion in lost revenues over the past 12 years and seriously reducing resources available for local public safety and other services; and

WHEREAS, the City of Hayward has lost approximately \$50 million over the same period due to state property tax take aways which has impacted the City's ability to provide critical public services, including public safety; and

WHEREAS, in adopting the state budget this year the Legislature and Governor appropriated local vehicle license fee backfill and redevelopment property tax funds that are needed to finance critical city services such as public safety, parks, street maintenance, housing and economic development; and

WHEREAS, the deficit financing plan in the state budget depends on a local property and sales tax swap that leaves city services vulnerable if the state's economic condition fails to improve; and

WHEREAS, the adopted state budget assumes an ongoing structural budget deficit, putting city resources and services at risk in future years to additional state revenue raids; and

WHEREAS, it is abundantly clear that state leaders will continue to use local tax funds to balance the state budget unless the voters limit the power of the Legislature and Governor to do so; and

WHEREAS, the voters of California are the best judges of whether local tax funds should be used to finance an ever-expanding state government; and

WHEREAS, the General Assembly of Voting Delegates of the League of California Cities at its September 10, 2003 meeting voted to sponsor a statewide ballot initiative to empower the voters to limit the ability of state government to take local tax funds to fund state government; and

WHEREAS, the League has requested that cities offer support for a November 2004 ballot initiative that will allow voters to decide whether state government may appropriate local tax funds to fund state government operations and responsibilities.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward does resolve to express its strong support for a statewide ballot initiative to allow voters to decide whether local tax funds may be taken to fund state government operations and responsibilities.

BE IT FURTHER RESOLVED that the City Council and staff are authorized to provide impartial informational materials on the initiative as may be lawfully provided by the city's representatives. No public funds shall be used to campaign for or against the initiative.

BE IT FURTHER RESOLVED that the residents of the City are encouraged to become well informed on the initiative and its possible impacts on the critical local services on which they rely.

BE IT FURTHER RESOLVED that the City Manager is hereby directed to send a copy to the Executive Director of the League of California Cities.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBER:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward